GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:509
ANSWERED ON:02.05.2005
CHANGES IN AGRICULTURE MARKET SYSTEM
Chavda Shri Harisinh Pratapsinh;Gadakh Shri Tukaram Gangadhar

Will the Minister of AGRICULTURE be pleased to state:

(a) the steps taken by the Government to bring about changes in the agriculture market system by doing awaywith the system of middlemen and brokers to ensure direct marketing benefits to the farmers;

(b) the arrangements made by the Government to give direct benefit to the farmers;

(c) whether the Government has conducted any review in this regard; and

(d) if so, the outcome thereof?

Answer

THE MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a) and (b) Agriculture Sector needs well-functioning markets to achieve growth employment and economic prosperity in rural areas of the country. Under the Agricultural Produce Marketing (Regulation) Act (APMC Act), which is the existing law dealing with agricultural markets, the State Government alone is empowered to initiate the process of setting up of markets for agricultural commodities in notified areas. The processing industry cannot buy directly from the farmers. The farmer is restricted from entering into direct contract with any manufacturer as the produce is required to be canaiized through Licensee traders and regulated markets. These restrictions are acting as disincentive to farmers, trade and industry. The State Governments have, therefore, been advised to bring reforms in the APMC Act to allow direct marketing and contract farming and to permit setting up of competitive markets. Development of alternative competitive markets in private and cooperative sectors would provide freedom to farmers to sell their produce in the markets providing better prices/services.

A model Agricultural Produce Marketing (Development & Regulation) Act has been circulated by this Ministry to all the States, to guide them in bringing changes in their respective APMC Act for the removal of all restrictions on direct marketing by the farmers. The Ministry also implemented a new reform linked Central Sector Scheme for Development/Strengthening of Marketing Infrastructure, Grading and Standardization. Under this scheme, investment subsidy is provided for the development of agricultural marketing infrastructure projects. Subsidy under the Scheme is made available only in those States/Union Territories that have amended the APMC Act, wherever required, on the lines suggested in the Model Act.

(c) and (d) Reforms in agricultural markets were discussed with the State Governments and Union Territories at the National Conferences held at Delhi on 07.01.2004 and at Bangalore on 19.11.2004, wherein all the States regard to amend the Agricultural Produce Marketing (Regulation) Act. Several States have since initiated action for the amendments.